

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (9/12):**

BUTTER: Grade AA closed at \$1.1775. The weekly average for Grade AA is \$1.1650 (+.0287).

CHEESE: Barrels closed at \$1.5675 and blocks at \$1.6000. The weekly average for barrels is \$1.5575 (-.0100) and blocks, \$1.6000 (N.C.).

BUTTER: The butter market is steady, but prices have increased in recent trading sessions at the CME. Trading activity at the exchange has been very active this week with 57 cars being sold. Churning remains light and fresh butter supplies are tight. Frozen stocks, however, are ample. Cream supplies remain tight throughout most of the country. Print butter orders are steady, but producers are stepping up output to meet anticipated fourth quarter needs.

CHEESE: The cheese market is about steady. Process interest remains sluggish. With extra barrels nearing the 30 day age limit for current cheese on the CME, a processor discounted barrels early in the week to clear a few loads. Prices recovered later in the week. Natural interest is irregular, ranging from fair to good. Aged cheddar interest is improving seasonally. Tight milk supplies continue to restrict current cheese offerings. During the week ending September 12, CCC received cancellations for 40,492 pounds of Western barrels. This is the third straight week that Western barrels have been cancelled, totaling 139,075 pounds.

FLUID MILK: Milk production ranges from up slightly in parts of the Southeast and Northwest to falling in California where temperatures and humidity are high. Fluid milk supplies are termed as tight in most parts of the country. Even with some plants being down for repairs and lighter shipments into the Southeast, manufacturers cannot always find desired volumes. Spot milk sales are bringing some increased premiums over Class prices. Bottlers are settling into school-year patterns and their milk orders are now more consistent from day to day and week to week. The fluid cream market remains firm. Prices are often steady, but availability is still an issue for many buyers. Some traders note that supplies aren't as tight as they have been, but cream is still moving great distances. A little less cream is moving out of California as suppliers there have decided to increase their butter output for anticipated fall needs.

DRY PRODUCTS: The NDM market is firm and powder supplies are tight in most regions of the country. Surplus milk supplies have tightened dramatically in the past few weeks and butter/powder plants are not receiving much milk. Drying schedules are much lighter and buyers are reaching farther for their needs or relying on the resale market. The NDM that is available through the government exchange programs (cheese and pudding powders) is clearing nicely since current output is so light. However, the volumes/pounds coming out of CCC warehouses are not being made available. The dry

buttermilk market is firm and supplies are difficult to find in all regions. Some buyers are "scrounging" for powder and having difficulty finding even partial loads. The dry whey market remains firm and prices continue their upward spiral. Demand is good from both feed and food accounts. Production levels are light. Many producers are sold out for various periods of time and some are not accepting new spot customers. Many dryers are having difficulty meeting contract shipping schedules and some delays have been noted. The lactose market is firm and prices are unchanged to higher. According to some contacts, fourth quarter contracts are starting to be negotiated and prices are expected to be higher. The WPC market is firm and prices continue to move higher. Stocks are light and difficult to find from some sources. Demand is good from both domestic and export markets.

CCC: During the week of September 8 - 12, CCC net purchases total 5,019,408 pounds of Western nonfortified NDM. They also received a cancellation for 40,492 pounds of previously offered Western barrel cheese. The CCC also sold 125,662 pounds of nonfortified NDM back to the trade.

JULY 2003 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 79.2 million pounds in July, 16.1% below July 2002 and 5.5% below June 2003. American type cheese production totaled 299.9 million pounds, 1.8% below July 2002 and 2.4% below June 2003. Total cheese output (excluding cottage cheese) was 712.2 million pounds, 2.9% above July 2002 but 0.3% below June 2003. Nonfat dry milk production, for human food, totaled 119.5 million pounds, 7.4% below July 2002 and 8.6% below June 2003. Dry whey production, for human food, was 87.9 million pounds, 1.8% above July 2002 but 0.9% below June 2003.

JULY FLUID MILK SALES (DAIRY PROGRAMS & CDFA): During July, about 4.4 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.1% lower than July 2002. After adjusting for calendar composition, sales in July 2003 were 1.4% lower than July 2002. On an individual product basis, after adjusting for calendar composition, sales of flavored fat-reduced milk increased from July 2002, while sales of whole milk, flavored whole milk, reduced fat (2%) milk, low fat (1%) milk, fat-free (skim) milk, and buttermilk decreased from a year earlier.

JUNE MAILBOX MILK PRICES (DAIRY PROGRAMS): In June 2003, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$10.77 per cwt., \$0.06 less than the figure for the previous month. The component tests of producer milk in June 2003 were: butterfat, 3.57%; protein, 2.96%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices decreased in 12 reporting areas and increased in 5 reporting areas, and ranged from \$13.31 in Florida to \$9.52 in New Mexico. In June 2002, the Federal milk order all-area average mailbox price was \$11.33, \$0.56 higher.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY SEPTEMBER 8	TUESDAY SEPTEMBER 9	WEDNESDAY SEPTEMBER 10	THURSDAY SEPTEMBER 11	FRIDAY SEPTEMBER 12	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.5675 (N.C.)	\$1.5325 (-.0350)	\$1.5525 (+.0200)	\$1.5675 (+.0150)	\$1.5675 (N.C.)	N.C.	\$1.5575 (-.0100)
40# BLOCKS	\$1.6000 (N.C.)	\$1.6000 (N.C.)	\$1.6000 (N.C.)	\$1.6000 (N.C.)	\$1.6000 (N.C.)	N.C.	\$1.6000 (N.C.)
BUTTER							
GRADE AA	\$1.1475 (+.0100)	-----	\$1.1700 (+.0225)	-----	\$1.1775 (+.0075)	+.0400	\$1.1650 (+.0287)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$.8400 and Grade A price is \$.8400. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, SEPTEMBER 8, 2003

CHEESE -- SALES: NONE; BIDS UNFILLED: 5 CARS 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 20 CARS GRADE AA: 6 @ \$1.1400, 1 @ \$1.1425, 1 @ \$1.1450, 1 @ \$1.1425, 5 @ \$1.1475, 3 @ \$1.1500, 1 @ \$1.1475, 1 @ \$1.1525, 1 @ \$1.1475; BIDS UNFILLED: 29 CARS GRADE AA: 2 @ \$1.1475, 3 @ \$1.1450, 4 @ \$1.1425, 6 @ \$1.1400, 4 @ \$1.1375, 4 @ \$1.1350, 2 @ \$1.1325, 4 @ \$1.1300; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.1600

TUESDAY, SEPTEMBER 9, 2003

CHEESE ---SALES: 3 CARS BARRELS: 1 @ \$1.5575, 1 @ \$1.5550, 1 @ \$1.5400; BIDS UNFILLED: 5 CARS 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5325

WEDNESDAY, SEPTEMBER 10, 2003

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5525; 5 CARS 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 31 CARS GRADE AA: 8 @ \$1.1550, 3 @ \$1.1575, 2 @ \$1.1600, 2 @ \$1.1650, 2 @ \$1.1625, 2 @ \$1.1600, 2 @ \$1.1625, 2 @ \$1.1650, 2 @ \$1.1625, 2 @ \$1.1650, 2 @ \$1.1675, 1 @ \$1.1650, 1 @ \$1.1700; BIDS UNFILLED: 49 CARS GRADE AA: 2 @ \$1.1675, 5 @ \$1.1650, 6 @ \$1.1625, 8 @ \$1.1600, 4 @ \$1.1575, 8 @ \$1.1550, 4 @ \$1.1525, 4 @ \$1.1500, 8 @ \$1.1475; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.1800

THURSDAY, SEPTEMBER 11, 2003

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5675; 5 CARS 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: NONE

FRIDAY, SEPTEMBER 12, 2003

CHEESE -- SALES: NONE; BIDS UNFILLED: 5 CARS 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 6 CARS GRADE AA: 2 @ \$1.1825, 2 @ \$1.1800, 2 @ \$1.1775; BIDS UNFILLED: 22 CARS GRADE AA: 2 @ \$1.1750, 4 @ \$1.1725, 6 @ \$1.1700, 2 @ \$1.1650, 6 @ \$1.1600, 2 @ \$1.1500; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.2200

BUTTER MARKETS

NORTHEAST

The market tone is about steady despite the recent price increases at the CME. Through 9/8, the butter price has increased a total of 1.25 cents in the last two trading sessions. During the 9/8 trading, 20 cars were sold, all based on bids. This could be an indication that utilization is improving or that speculators with futures positions are looking to cover themselves. Churning activity remains light in the Northeast where milk and cream supplies are tight. Butter stocks are more than adequate to meet needs, but fresh butter is still difficult to find on a regular basis. Some producers continue to microfix bulk to meet their packaged butter orders. Retail movement is a little better now that schools are back in session. Food service orders are generally steady, but orders from resort area outlets are slowing. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

The CME cash price of butter (through 9/10) has moved higher in active trading during the past three sessions. Churning activity in the Midwest remains relatively light as surplus milk and cream supplies are tight. Demand for butter is fair to good for both bulk and packaged. Most producers are churning well below normal levels and many are microfixing more bulk to fill print orders. Retail sales are mostly steady and lacking widespread feature activity. Food service orders are about steady. Bulk butter for spot sale is in a range of flat to 2 cents per pound over various pricing basis. The CCC announced that offers to purchase government-owned butter under invitation 007A to DSC1 were

rejected due to price. Following that announcement, invitation 007B was issued for approximately 2,119,917 pounds (the same volume as 007A) butter. Bids are due by 1:00 PM CDT, September 16.

WEST

Butter prices at the CME increased for the first time since August 1, on Friday of last week and continued to improve this week. Fall buying patterns and last week's USDA Dairy Products report are given as two reasons for the slight strength for the first time in over a month. Food service orders from resort areas are certainly lower, but retail orders for fall home needs are improving. Bulk sales are good as buyers begin to position themselves for fall market needs. Contacts are not expecting a massive increase in price this fall, but they do believe that some additional price strength is possible. Offerings of cream to regional churns are light. Ice cream accounts continue to take good volumes of cream. July U.S. butter production totals 79.2 million pounds, down 16.1% (15.2 million pounds) from July 2002. This production level is much lighter than the last three years. Cumulative output for the first seven months of the year has reached 796.6 million pounds, a decrease of 5.1% (42.7 million pounds) from the same period in 2002. July production in the Western region totals 36.1 million pounds, down 15.3% from a year ago. The West produced more than 45% of U.S. butter production in July. CME weekly warehouse stocks declined by 5.92 million pounds this past week and now stand at 168.0 million pounds. Stocks have been drawn down by 42.6 million pounds over the last eight weeks. This is a much heavier rate of draw down than has historically occurred at this time of year. Current prices for bulk butter range from 1 to 4 cents under the market based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
SEPTEMBER 6	1.5791	1.5808	0.8077	1.1165	0.1705
	7,129,719	8,998,811	22,332,112	3,919,126	11,030,749

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices and the market tone are unchanged. At the CME, prices have held for a surprisingly long time. Blocks have held at \$1.6000 since July 31 and barrels have held \$1.5675 since August 18. Eastern cheese makers still note that surplus milk supplies are tight and plant operating schedules are down accordingly. Demand for cheese is about steady, but a shift in food service orders from resort/vacation areas to urban areas has been noted and typical for this time of year. Distributors are able to find the cheese they desire, but sometimes current cheese stocks are a little snug. Mozzarella supplies are adequate for the current, seasonally improving demand. Retail movement is occasionally improved, but unless featured the high prices are a deterrent to sales.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.6650-2.1600
Cheddar Single Daisies	:	1.6225-2.0875
Cheddar 40# Block	:	1.7400-1.9875
Process 5# Loaf	:	1.7775-1.9800
Process 5# Sliced	:	1.7975-2.0475
Muenster	:	1.8375-2.0300
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steady on natural though weak on barrels and process. Buyers continue to purchase just replacement needs. Process interest remains generally light with most processors operating on reduced schedules. Natural interest is uneven, ranging from fair to good with some cutters/shredders needing an occasional Saturday to help with orders. Some users are still having trouble acquiring bulk muenster as well as pepper jack and Colby-jack. A few sellers are seeing a pickup in aged cheddar interest, especially white, while others remain quiet. Processing solids are not the easiest product to move. Top grades of Swiss cheese remain tight. Some fall and holiday specialty items are moving into large distribution centers as scheduled. Current milk intakes have slipped during the recent spell of warmer temperatures. Cheese yields remain at low summer levels.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.7475-1.9100
Brick And/Or Muenster 5#	:	1.9900-2.2625
Cheddar 40# Block	:	1.8900-2.1150
Monterey Jack 10#	:	2.1150-2.2200
Blue 5#	:	2.3550-2.6900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9050-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.6850

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE
CENTERS UNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
09/08/03	89,280	: 130,339
09/01/03	90,186	: 132,287
CHANGE	-906	: -1,948
% CHANGE	-1	: -1

WEST

Cheese prices continue to hold steady with no sales activity noted at the cash CME market last week. Many buyers are concentrating on making purchases to only cover immediate needs. However, some end users feel that the market may be on the tight side this fall and they are making some additional purchases to cover a portion of their fall needs. Offerings of cheese remain generally on the light side. Volumes of milk available for processing have not increased much seasonally. Fat and protein tests are beginning to improve. Total cheese production in July for the U.S. stands at 712.2 million pounds, up 6.2% (20.0 million pounds) from last year. Cumulative output through seven months is at 5.0 billion pounds, unchanged from last year after trailing a year ago for the first six months of the year. Total cheese production in July for the Western region is 291.0 million pounds, up 7.7% (20.9 million pounds) from July 2002. The West produced almost 41% of the U.S. total. Swiss cheese production in July for the U.S. totals 22.1 million pounds, 5.6% (1.2 million pounds) higher than last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.7175-1.9775
Cheddar 40# Block	:	1.7300-2.0800
Cheddar 10# Cuts	:	1.9100-2.1300
Monterey Jack 10#	:	1.9200-2.0800
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.4600

FOREIGN

Prices and the market tone are unchanged. Supplies of most types and varieties of cheese are adequate for the slow to fair demand. Importers are looking at buying with more interest now that the Dollar is gaining a little strength. Also, we are entering a time of year when import license usage becomes more of a concern. There are more magazine and newspaper articles regarding the EU's list of 41 regional products they wish to protect during agriculture negotiations of the WTO Doha Development Agenda. Among those products are 12 cheeses, which are included in the EU's register of geographical indications (GIs). There are several cheese on that list that are made in the U.S. and include Asiago, Feta, Fontina, and Gorgonzola.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	:	NEW YORK
VARIETY	:	IMPORTED : DOMESTIC
Roquefort	:	TFEWR : -0-
Blue	:	2.6400-3.7200 : 1.9600-3.4500
Gorgonzola	:	3.6900-5.9400 : 2.4775-2.4900
Parmesan (Italy)	:	TFEWR : 3.3700-3.4600
Romano (Italy)	:	2.1000-3.1500 : -0-
Provolone (Italy)	:	3.4400-5.5000 : 1.9675-2.1950
Romano (Cows Milk)	:	-0- : 3.1575-5.3300
Sardo Romano (Argentina)	:	2.8500-3.2900 : -0-
Reggianito (Argentina)	:	2.6900-3.2900 : -0-
Jarlsberg-(Brand)	:	2.7500-3.7900 : -0-
Swiss Cuts Switzerland	:	-0- : 2.3500-2.5500
Swiss Cuts Finnish	:	2.5900-2.8500 : -0-
Swiss Cuts Austrian	:	TFEWR : -0-
Edam	:	:
2 Pound	:	TFEWR : -0-
4 Pound	:	2.1900-2.9900 : -0-
Gouda, Large	:	TFEWR : -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	:	27.8000-31.7000 : -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	161	0	235	0	94	0
SOUTHEAST STATES	40	0	40	0	0	0

EDITOR'S NOTE: Due to changes in milk supply agreements, milk import/export totals are not directly comparable to year ago figures and to shipments prior to April 1, 2003.

The following are the August 2003 Class and component prices under the Federal Milk Order pricing system: Class II \$10.81 (up \$0.18 from July), Class III \$13.80 (up \$2.02); and Class IV \$10.14 (up \$0.19). The following are the product price averages used in computing Class prices: butter \$1.1578, NDM \$0.8105, cheese \$1.5484, and dry whey \$0.1615. The Class II butterfat price is \$1.2584 and the Class III/IV butterfat price is \$1.2514. Milk production is steady to slightly higher this week. Cooler, dryer weather in the Southeast is helping milk output rebound slightly. However, some concern is being given to Hurricane Isabel and when and if she will make land fall along the Coast. In the Northeast, mild weather covers the region and milk output is starting to show some signs of increasing. Milk volumes are still tight, but most school pipelines are now filled and bottlers are settling into normal ordering and sales patterns. Bottlers are a little more active this week after a relatively slow week last week, which was due to the change in September's Class I milk price. Florida's and the other Southeastern states imports are down from the past two weeks as bottlers typically over order milk the first week or two of school and then cancel the loads they don't need when the pipelines get full. Retail bottled milk sales are steady. Surplus milk volumes are still tight, but those plants that had been shipping milk into Florida now have quite a bit more to process. Some manufacturing contacts, particularly cheese plants, report that they are trying to limit their output to better manage inventories and this is causing some plants to operate on reduced schedules. The condensed skim market is little changed. Interest is good for Class II condensed skim, but slow for Class III. Few spot sales are being reported, but prices did move higher in concert with this month's skim milk price estimates. Some Class II users report that it is hard to find and some buyers had to reach further to find loads. Most producers are just filling contracts and drying what is left. The fluid cream market remains firm, but offerings are occasionally available. Buyers continue to report difficulty finding all they need, but overall needs are down from a few weeks ago. Fewer West Coast loads are coming in now that supplying plants in California are making more butter. Spot prices are generally steady, but the CME butter price is inching higher this week. Ice cream output is winding down seasonally, but production is holding fairly steady at typical September levels. Good weather is helping sales in some parts of the region. Cream cheese output ranges from steady to heavier ahead of anticipated fall needs. Churning activity is up slightly, but still light.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5908-1.8749
DELIVERED EQUIVALENT ATLANTA	-	1.6135-1.8976 M 1.7172-1.8181
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5681-1.7613

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .8700- .9300
NORTHEAST- CLASS III - SPOT PRICES	- 1.1000-1.2500

M I D W E S T

Class I interest is about steady overall as bottlers are starting to get a better feel for the actual needs of their school accounts. A shift between retail suppliers has increased and decreased the needs of at least a couple of bottlers. Press coverage of higher retail prices continues in various markets. Milk shipments into the Southeast and Mideast region continue. Manufacturing demand remains strong and supplies remain short of needs. Some spot interest still is going unfilled despite even higher offers than reported on some sales. Most handlers are trying to take care of their regular accounts as best they can

first. Reported spot manufacturing milk prices range from \$2.00 to \$3.20 net over class. Cream demand remains surprisingly strong with a few loads (generally the high end) cleared to the even tighter Eastern market. Condensed skim prices are steady with Class II interest good and Class III non-existent due to the lower NDM price. Current milk intakes are steady to slightly lower, reflecting recent heat. Most plants continue to operate on sharply reduced schedules. However, where nighttime temperatures have cooled off, intakes are more stable. Fat and protein levels remain seasonally low. Dry conditions persist through much of the region west of the Mississippi as well as Wisconsin. Early harvest of crops to salvage the maximum is continuing. A lot of corn has been chopped for silage and late season hay/haylage harvested. Dry area yields are lower. Pastures need to be supplemented in dry areas.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)
PRICES NOT AVAILABLE

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)		
	SEPT 4 - 10	PREVIOUS YEAR
SLAUGHTER COWS	\$ 47.00- 54.00	\$ 34.00- 42.25

W E S T

The October 2003 Class 1 prices in CALIFORNIA range from \$16.20 in the north to \$16.47 in the south. The statewide average Class 1 price based on production is \$16.25. The average is \$0.06 higher than September 2003 and \$4.23 above October 2002. CALIFORNIA milk production took another hit because of hot, humid weather over much of the southern and central producing areas. After milk output had rebounded to levels at or close to mid July levels, the recent weather pattern caused renewed stress on the milking herd. A couple, five, and seven percent losses in milk versus a week earlier were noted by processors in both areas. Processing plants in the state would like more milk. A large cheese plant in the state went down for scheduled repairs and there was still a shortage of milk. Bottlers have settled into a pattern following several weeks of buyers adjusting orders with much of the uncertainty surrounding school lunch programs. Cheese plants are using more NDM instead of condensed skim because of the price difference. In the northern milk producing areas, milk supplies are holding mostly steady at levels below expectations. NEW MEXICO milk production is holding mostly steady. Temperatures are often hot during the day, but cooling at night. There is less stress on the milking herd. Milk shipments to the Southeast have slowed and milk is moving to nearby balancing plants. A plant in the state is down for scheduled maintenance. The upturn in the CME butter price and generally steady multiples and overages are causing Western CREAM prices to increase slightly. The CME butter price stood at \$1.1700 on 9/10, up 3.5 cents from a week earlier. Cream supplies are tighter and sales generally center on contracts. The decline in milk and less fat in the milk are limiting factors. Print butter production is in high gear for holiday needs. Western cream multiples range from 116 to 132, FOB, depending on class usage and basing point. All contacts in the PACIFIC NORTHWEST indicate that conditions are much cooler and the first rain in weeks was noted. These conditions may indicate that the milk flow is about to begin the normal seasonal increase pattern that is expected. Manufacturing plants are operating on reduced schedules and many are searching for additional loads of milk or cream. Some concern is being expressed about hay quality possibly limiting milk output potential this fall and winter. Producers are also expressing concern about feed price increases that they are beginning to see. Heifer prices at a major monthly sale in the region have climbed about \$200 for good quality animals. Interest is increasing from inside the region and from California producers. Likewise, conditions in IDAHO and UTAH are much cooler with scattered showers noted. Also, the first significant snow fall was recorded in the mountains above Salt Lake City. Residents are hoping that this is a sign of improving moisture conditions for the winter season. Milk output remains at the seasonal low point, but some slight increases are noted. Fat and protein tests are also beginning to show some signs of life after being much below anticipated levels for most of the summer. Hay prices remain steady to weak in the region with offerings fully adequate for the ongoing demand. Heifer prices at a major sale in the region continue to increase. The top animals are going for more than \$1900 with the average approaching \$1600. These numbers have not been seen since August of 2002.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged on a steady market. Supplies remain limited, especially for NDM in 50# bags or totes. Most trading is occurring on the resale market. NDM from cheese and pudding exchanges is being traded at prices below and within the range. Some seasonal buyers are not expected to purchase current production during the remainder of the year due to anticipated receipt of CCC NDM stocks from the cheese exchange. Therefore, if milk begins to rebound and NDM production increases, spot availability could increase as early as October. Condensed skim demand is decreasing into some Class II facilities but in general continues to clear well contractually. Standard grade supplies are limited for the good interest.

EAST: Eastern prices are mostly unchanged. The market tone remains firm. Production levels are very light and reflective of the current, limited surplus milk supply in the region. Less milk is moving into Florida and other Southeastern states this week, which did provide supplying plants with some additional milk. However, demand for the milk is good and drying remains light. Most Eastern producers report that they have little or no NDM on hand for immediate shipment. High heat and powder in fifty-pound bags is particularly tight. Most are hoping that milk supplies rebound in the near future to alleviate the tight supply situation. Buyers/suppliers are reaching to the Western region to find some NDM, but stocks there are also tight. Availability of the various government-owned NDM exchange programs has been spotty. Little or no information about this product is available from CCC. Industry contacts do comment that this product is easing the short, commercial supply, but CCC-releases have been inconsistent in both volume and frequency. There have been reports that this exchange powder is selling at or just below current market prices. Demand for NDM is good.

DAIRY PRODUCTS: Production of human food, nonfat dry milk during July 2003 totaled 119.5 million pounds, down 7.4% from July 2002 and 8.6% below June 2003. Month ending stocks, at 125.8 million pounds, are 17.5% below a year ago and 17.3% lower than last month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .8300 - .8700 MOSTLY: .8425 - .8600

HIGHHEAT: .8650 - .9450

NONFAT DRY MILK - WEST

Western low/medium NDM prices are holding steady in light market trading. Seasonally, drying schedules are lower and the milk supplies in California and other states are often below expectations. The call for condensed skim in California is lower, as Class prices are higher and users that can switch to NDM are doing so. Sales of NDM in the region are evident, but quieter than expected this week. Some sales are lost to the resale powder, but overall, current production and orders are in pretty good balance. Sales of contract NDM continue to clear to the CCC. During the week of September 2 - 5, CCC net purchases totaled 6.3 million pounds of NDM from the West. High heat NDM prices are unchanged and the market tone remains steady. The availability of high heat is limited currently due to less milk moving to the powder plants as milk volumes decline. Contracted loads are moving mainly on time with few spot trades occurring. U.S. NDM production in July totaled 119.5 million pounds, down 7.4% from last year and 8.6% lower than June. Year through July cumulative U.S. production is 5.3% lower than last year. July production in the Western region totaled 92.0 million pounds, down 10.3% from last year. Western states' production levels with comparisons to last year are: California, 55.0 million pounds, -13.8%; and Idaho, 6.1 million pounds, -25.1%. U.S. manufacturers' stocks at the end of July were reported at 125.8 million pounds, down 17.5% from last year and 17.3% less than last month.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .8000 - .8875 MOSTLY: .8000 - .8150

HIGHHEAT: .8300 - .8500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
September 5	\$.8040	13,566,828	1,630,767
August 29	\$.8022	12,079,060	2,460,027

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal on a steady market. Current production is limited in the Central region. Buyers seeking additional supplies are purchasing loads from the West that are being delivered within the range. Resale offerings are increasing in the Central region with traders reporting that loads are sometimes difficult to clear. Trades on resale stocks are reported at prices below and within the range. Many plants continue to hold their dryers idle and sell the bulk of their buttermilk as condensed. Although ice cream interest remains strong for fluid cream, demand for condensed buttermilk is reported as steady to lower. Production of dry buttermilk during July 2003 totaled 2.4 million pounds, 27.3% less than July 2002 and 16.4% below June 2003. Month ending stocks, at 5.4 million pounds, are 58.7% below a year ago and 38.3% less than June 2003.

F.O.B. CENTRAL:

.8500 - .9000

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices range from steady to higher and the market tone remains firm. Eastern prices are nominal. Churning activity remains light in the East. What liquid buttermilk that is being produced is often going to satisfy contracts and not into the dryers. Most producers report that stocks are very tight and most do not have any on hand for immediate sale. Some resale loads and/or LTL's are noted. Demand is steady at good levels. Dry buttermilk production during July 2003 totaled 2.4 million pounds, down 27.3% from last July and 16.4% less than June 2003. Month ending stocks, at 5.4 million pounds, are 58.7% less than last year and 38.3% less than a month ago.

F.O.B. NORTHEAST:

.7975 - .8100

DELVDSOUTHEAST:

.8400 - .8700

DRY BUTTERMILK - WEST

Dry buttermilk prices are slightly higher although the market tone remains steady. There remains little activity on the spot market as most of the current production is committed under contracts. Some unsettledness is noted in the resale market. Contacts wonder whether the market demand is slowing beyond expectations or if there remains unfilled needs. Current stock levels are light at best. U.S. dry buttermilk production in July totaled 2.4 million pounds, down 27.3% from last year and 16.4% lower than June. Stocks at the end of July were reported at 5.4 million pounds, 58.7% less than last year.

F.O.B. WEST:

.8000 - .8600 MOSTLY: .8300 - .8500

DRY WHOLE MILK - NATIONAL

Prices are steady to higher and nominal. Production levels remain limited. The tight milk supply is a factor in output, but most producers do not want to carry too large an inventory. Demand is improving as seasonal needs are starting to improve. Dry whole milk production during July 2003 totaled 3.5 million pounds, down 46.6% from July 2002 but 5.0% more than June 2003. Month ending stocks are not reported for this product.

F.O.B. PRODUCING PLANT:

1.0650 - 1.1800

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2003 THROUGH SEPTEMBER 5, 2003
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 22,733 MT (50,117,171 LBS)

Allocations for the DEIP year beginning July 1, 2003, were announced on August 15 and total 68,201 MT of NDM, 3,030 MT of cheese, and 21,097 MT of butterfat. (These totals are unchanged from last year's program.) This program-year's allocations are again being announced in stages. Stage one allocations are:
NDM -- 22,733 MT, butterfat -- 7,032 MT, and cheese -- 1,010 MT.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are higher on a firm market. Production is steady to lower and stocks are reported as in balance to tight. Due to production problems and reduced milk intakes at some locations, manufacturers are delaying or canceling contracts. Despite limited supplies, trading activity is higher for the current week. Increased activity is due in part to released stocks by plants and resellers that stored whey in anticipation of market price increases. The market undertone is now suggestive that prices may not peak until October or even December. Demand is good from both feed and food markets. Feed buyers are increasing their purchases in an attempt to either buy now to save later or to prepare for anticipated increases in milk replacer demand during the first quarter. Bakery and blending operations are predominant end-use buyers on the edible market in preparation for upcoming holidays. Production of human food, dry whey during July 2003 totaled 87.9 million pounds, 1.8% more than July 2002 but 0.9% below June 2003. Month ending stocks, at 42.9 million pounds, are 41.2% above a year ago but 8.4% less than June 2003.

F.O.B. CENTRAL: .1750 - .1850 MOSTLY: .1775 - .1825

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are fractionally higher again this week and the market tone remains firm. Tight milk supplies continue to affect cheese output in the region. Many producers are operating on reduced schedules. Most Eastern producers report limited spot availability and they are not taking any new customers. Most are barely making enough to meet contract shipping times. Demand is good and spot needs are often filled via the resale market. Traders are generally getting their contracted volumes and are often better able to make spot sales. Production of human food, dry whey during July 2003 totaled 87.9 million pounds, 1.8% more than July 2002 but 0.9% less than June 2003. Month ending stocks, at 42.9 million pounds, are 41.2% above last year but 8.4% less than a month ago. Production of animal feed, dry whey during July totaled 7.5 million pounds, 26.0% more than a year ago and 15.7% above June 2003.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .1800 - .1950
DELVD SOUTHEAST: .2000 - .2150

DRY WHEY - WEST

Western whey prices range from steady to fractionally higher. The market seems to be firmer than the past few weeks. Results of a tender to the Far East are due in late this week. There seems to be more uncertainty than usual about the sourcing of this powder. Demand, overall, is good and production is generally below expectations. Cooler weather is moving into parts of the region which may begin to stimulate some fall production rebound. U.S. whey production in July totals 87.9 million pounds, up 1.8% from last year. Output for the Western region is 23.4 million pounds, down 2.7% from a year earlier. The West produces 27% of the U.S. whey output.

NONHYGROSCOPIC: .1675 - .2000 MOSTLY: .1750 - .1900

ANIMAL FEED WHEY - CENTRAL

Prices are trending higher with the Extra Grade market. The market tone is firm. Supplies of milk replacer quality product are reportedly more available than the week prior due in part to some resellers releasing additional inventoried supplies. Early weaned pig and veal markets are trending firm. Production of animal, dry whey during July 2003 totaled 7.5 million pounds, 26.0% more than July 2002 and 15.7% above June 2003. Month ending stocks, at 3.3 million pounds, are 18.1% above a year ago and 91.1% more than June 2003.

F.O.B. CENTRAL:
MILK REPLACER: .1650 - .1750

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher on a firm market. Supplies of WPC 34% current production are difficult to find from either resellers or manufacturers. Interest is reported as good from domestic and export markets. Increased supply availability from manufacturers and resellers of slightly off grade or aged WPC 34% is noted. WPC 80%, depending on the quality, is also available at competitive prices to the 34% market for the good feed demand. Edible interest is noted from ice cream and blending operations. Production is steady to lower in response to reduced milk intakes at some cheese facilities. Producers are meeting their contractual commitments without delay yet the market is anticipated to continue to firm, especially in light of increased interest on condensed WPC into some feed operations. Production of HUMAN FOOD WPC during July 2003 totaled 23.8 million pounds, up 3.3% from July 2002 and 2.2% above June 2003. Manufacturers' end-of-month stocks totaled 26.1 million pounds, 12.0% lower than a year ago and 9.5% below last month. Production of ANIMAL FEED WPC during July 2003 totaled 3.2 million pounds, up 0.9% from July 2002 and 6.5% above June 2003. Manufacturers' end-of-month stocks totaled 1.5 million pounds, 20.7% above last year but 19.6% lower than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .4700 - .5100 MOSTLY: .4700 - .4800

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a firm market. Offering prices for fourth quarter are significantly higher than third quarter. Some plants aim to reap profits in the fourth quarter that were lost as prices increased during the third quarter. While a number of manufacturers have commenced negotiations, some plants are opting to wait and see where prices settle before committing to contracts. Some buyers may opt to contract less during the fourth quarter as production typically increases as the New Year progresses. In addition, some offering prices may be too high for buyers to accept, especially when evaluating shipping charges to export. Supplies continue to trend tight. Demand is good into export and domestic markets for the bakery, blending and pharmaceutical interest. Off grade supplies are limited for the good feed interest and trading within the range. Lactose production during July 2003 totaled 55.1 million pounds, up 19.1% from July 2002 and 8.8% higher than June 2003. Month ending stocks, at 37.9 million pounds, are 13.2% lower than a year ago and 14.7% below last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1800 - .2500 MOSTLY: .1950 - .2050

CASEIN - NATIONAL

Acid and rennet prices are unchanged, although some indications are that more firmness may be present in the near future. Supplies in the U.S. are available to service contract needs. Trade comments that the EU may cut subsidy levels by week end were noted. Speculative effects would be that casein prices would firm. The USDA, FSA announced on September 9th the contract awards for the sale of 1,310,337 pounds of NDM for the manufacture of casein/caseinates. The contract price was \$0.22 per pound.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.0000 - 2.1500
ACID: 2.0000 - 2.1000

EVAPORATED MILK - NATIONAL

Prices are steady the market tone is unchanged. Production levels are steady at light levels. Demand is little changed, but the market remains highly competitive. Canned evaporated milk production during July totaled 54.0 million pounds, 2.9% more than July 2002 but 4.7% less than June 2003. Month ending stocks, at 85.9 million pounds, are 7.3% more than a year ago and 12.9% above last month. The USDA, Dairy Programs, has notified interested persons of the public hearing being held on October 21 to consider proposals to amend all Federal milk orders. The proposals would reclassify evaporated milk in consumer-type packages and sweetened condensed milk in consumer-type packages from Class III products to Class IV products.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	08/27	08/28	08/29	09/01	09/02	09/03	09/04	09/05	09/08	09/09
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
AUG 03	13.77 (5086) 4	13.77 (5093) 13	13.80 (5081) 5	NO TRADING	13.80 (5093) 40	13.80 (5093) 0	13.80 (4576) 0	13.80		
SEP 03	14.08 (5932) 52	14.07 (6030) 239	14.10 (6034) 88		14.13 (6042) 37	14.18 (6049) 22	14.20 (6049) 11	14.18 (6083) 180	14.20 (6006) 83	14.09 (6033) 96
OCT 03	13.88 (5202) 31	13.83 (5211) 28	13.83 (5214) 71		13.82 (5249) 90	13.90 (5258) 25	13.92 (5279) 68	13.94 (5272) 82	13.94 (5296) 104	13.68 (5346) 196
NOV 03	12.66 (3774) 16	12.60 (3787) 19	12.60 (3860) 91		12.50 (3929) 91	12.52 (3973) 70	12.66 (4030) 84	12.72 (4035) 6	12.75 (4020) 97	12.59 (4105) 119
DEC 03	12.06 (3033) 19	12.00 (3143) 121	11.93 (3146) 64		11.89 (3163) 55	12.00 (3197) 62	12.15 (3206) 24	12.15 (3209) 16	12.17 (3233) 109	12.05 (3280) 111
JAN 04	11.90 (1118) 5	11.85 (1119) 11	11.87 (1120) 1		11.80 (1137) 127	11.90 (1170) 80	11.95 (1182) 17	11.98 (1184) 38	12.00 (1240) 71	11.87 (1242) 31
FEB 04	11.29 (801) 1	11.25 (806) 18	11.20 (820) 16		11.20 (824) 12	11.25 (841) 58	11.33 (853) 56	11.34 (872) 29	11.35 (890) 58	11.35 (932) 119
MAR 04	11.38 (779) 67	11.34 (786) 10	11.34 (786) 0		11.30 (798) 17	11.31 (818) 57	11.37 (835) 32	11.37 (837) 37	11.40 (850) 17	11.40 (900) 66
APR 04	11.38 (516) 18	11.38 (564) 50	11.38 (564) 0		11.25 (567) 9	11.27 (586) 60	11.32 (595) 19	11.35 (612) 28	11.35 (633) 23	11.35 (680) 86
MAY 04	11.39 (396) 31	11.39 (414) 22	11.36 (415) 1		11.25 (417) 7	11.25 (439) 60	11.30 (450) 17	11.35 (462) 25	11.35 (492) 32	11.35 (535) 53
JUN 04	11.77 (317) 6	11.77 (317) 9	11.77 (327) 10		11.75 (334) 8	11.76 (350) 46	11.84 (351) 6	11.84 (359) 32	11.85 (360) 6	11.88 (363) 23
JUL 04	12.01 (304) 2	12.00 (307) 12	12.01 (307) 0		12.01 (310) 8	12.07 (310) 0	12.12 (310) 3	12.12 (310) 0	12.15 (311) 1	12.15 (313) 25
AUG 04	12.30 (288) 2	12.30 (291) 3	12.31 (291) 10		12.32 (291) 0	12.38 (291) 0	12.43 (292) 4	12.43 (292) 0	12.46 (293) 1	12.46 (294) 27
SEP 04	12.75 (309) 0	12.70 (309) 0	12.70 (309) 0		12.70 (325) 16	12.76 (330) 5	12.79 (331) 4	12.79 (333) 2	12.85 (363) 31	13.00 (367) 26
OCT 04	11.98 (173) 0	11.95 (176) 3	11.90 (176) 0		11.89 (177) 4	11.94 (177) 0	11.94 (195) 18	11.98 (196) 2	12.00 (197) 1	12.00 (212) 15
NOV 04	11.78 (138) 0	11.78 (138) 0	11.77 (138) 0		11.76 (139) 4	11.77 (139) 0	11.77 (142) 4	11.77 (142) 0	11.80 (144) 2	11.80 (159) 15
DEC 04	11.30 (89) 0	11.30 (89) 0	11.30 (89) 0		11.30 (89) 0	11.31 (89) 0	11.30 (92) 3	11.40 (95) 3	11.45 (96) 1	11.45 (111) 15

CME - (CLASS IV) MILK FUTURES -- Dollars per cwt.

AUG 03	10.35 (26) 0	10.35 (26) 0	10.35 (26) 0	NO TRADING	10.35 (26) 0	10.35 (26) 0	10.35 (26) 0	10.14		
SEP 03	10.40 (20) 0	10.40 (20) 0	10.40 (20) 0		10.40 (20) 0	10.40 (20) 0	10.40 (20) 0	10.40 (20) 0	10.40 (20) 0	10.40 (20) 0
OCT 03	10.36 (3) 0	10.36 (3) 0	10.36 (3) 0		10.36 (3) 0	10.36 (3) 0	10.36 (3) 0	10.36 (3) 0	10.36 (3) 0	10.36 (3) 0

CME - BUTTER FUTURES -- Cents per pound

SEP 03	112.50 (339) 40	112.25 (328) 13	112.25 (320) 14	NO TRADING	112.25 (287) 36	112.25 (287) 3	112.75 (291) 13	113.75 (287) 6	114.75 (59) 1	114.50 (59) 0
OCT 03	114.00 (517) 22	113.75 (518) 4	113.75 (530) 16		113.75 (552) 25	113.75 (546) 12	114.25 (543) 5	115.00 (542) 6	115.25 (539) 3	115.75 (536) 13
DEC 03	116.00 (472) 11	116.50 (472) 0	116.00 (472) 0		116.00 (472) 0	116.00 (468) 14	116.50 (461) 13	117.25 (461) 0	117.25 (461) 0	117.75 (457) 19
MAR 04	128.50 (100) 0	128.50 (100) 5	128.00 (100) 0		128.00 (100) 1	128.00 (100) 4	129.00 (100) 2	129.25 (100) 0	129.25 (100) 0	129.25 (100) 0
MAY 04	131.00 (11) 0	131.00 (11) 0	131.00 (13) 2		131.00 (13) 0	131.00 (14) 1	131.00 (14) 0	131.00 (14) 0	131.00 (14) 0	131.00 (14) 0
JUL 04	135.00 (13) 0	135.00 (13) 0	135.00 (15) 4		134.00 (17) 2	134.00 (17) 0	134.00 (17) 0	134.00 (17) 0	134.00 (17) 0	134.00 (17) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered September 1 - 12, 2003

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERNEUROPE: International meetings and the developments, if any, are being watched, if not attended, by many in the industry, in Europe and Mexico. Dry summer weather sharply reduced late summer milk and dairy product output. While temperatures have moderated to more seasonal levels, heat and drought related crop damage and lower milk production continue. In many areas, winter cattle feed supplies have been reduced and the quality affected. More substantial supplemental cattle feed purchases may be needed. Production of dairy products has been reduced as well as inventory levels. Most plants continue to operate on seasonally lower schedules. Internal EU ice cream demand was stimulated during the long abnormally hot summer, also reducing cream supplies available for churning and whole milk drying. The EU Management Commission reduced refund levels in late August and some export licenses have recently been granted. The Management Committee is scheduled to meet late this week to perhaps consider additional adjustments.

BUTTER/BUTTEROIL: The butter market is firm. Bulk butter (25 Kg) and butteroil are limited and prices, when quoted, are higher and nominal. The long hot summer caused additional ice cream demand, reducing churning. Sales to Russia and for Ramadan needs by the Muslim countries have sharply reduced inventory positions.

82% BUTTERFAT:	1,500 - 1,650
99% BUTTERFAT:	1,750 - 2,000

SKIM MILK POWDER (SMP): The skim market is firm. The 180,000 ton intervention limit was reached earlier though later offerings from Great Britain still occurred. Some animal feed sales have been made from intervention stocks. The late August reduction in export refunds helped to calm the skim market. Some international interest is slowed by current price quotes of around \$1800, which makes US domestic skim fob prices competitive. Current production is seasonally light.

1.25% BUTTERFAT:	1,700 - 1,800
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WHOLE MILK POWDER (WMP): The whole milk market is steady to firm. Current production is light, due to reduced milk receipts and better interest for other, mainly consumer products. Supplies are limited as summer production was reduced by good butterfat interest in other products.

26% BUTTERFAT:	1,750 - 1,900
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SWEET WHEY POWDER: The whey market is steady to firm, aided by the stronger skim market and seasonally reduced milk production. Current offerings are light.

NONHYGROSCOPIC:	375 - 475
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EASTERNEUROPE: The hot and dry summer weather also reduced milk and dairy production in the region. Inventory levels are generally well below normal. The region will likely to less of a source of supply for international customers.

OCEANIA

OCEANIA OVERVIEW: Rainy weather in New Zealand after recent good weather has the early season off to a good start. Current pasture conditions are in good shape. The current forecast for the entire milk production season continues for about a 2% increase over last season. Calving is well underway in the past few weeks and early season milk production and manufacturing schedules continue to build. Current reported prices are steady to slightly higher, reflecting adjustments in currency exchange rates. Interest is noted on activities at the trade meetings being held in Mexico this week as well as dairy meetings held in Europe. Current production is mainly for items in the currently tightest position. Plant production schedules are picking up seasonally. Dry conditions remain a concern in Australia despite recent rain. Some areas still have drought like conditions. Victoria, the major milk producing region, will need at least average precipitation over the next few weeks to ensure good pasture growth. Current early season milk receipts seem to be below year ago levels.

BUTTER: The butter market is steady. Current churning activity remains light though increasing toward the seasonal peak. Old season stocks have been limited. Early season production is being geared to products in the tightest position so fresh butter supplies are limited.

82% BUTTERFAT:	1,300 - 1,400
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CHEDDAR CHEESE: The cheese market remains steady. Current production levels remain seasonally light, reflective of the current milk intakes. Most current inventory has been committed with most business activity securing new season sales.

39% MAXIMUM MOISTURE:	1,775 - 2,000
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SKIM MILK POWDER (SMP): The skim market is steady. Current production is light though increasing seasonally. Limited supplies are still available from last season.

1.25% BUTTERFAT:	1,650 - 1,750
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WHOLE MILK POWDER (WMP): The whole milk market is steady. Current drying schedules remain seasonally light due to the low plant milk receipts. Drying schedules are slowly increasing toward the expected October/November peak. Very limited inventory is available from last season.

26% BUTTERFAT:	1,650 - 1,800
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Exchange rates for selected foreign currencies: SEPTEMBER 8, 2003

.7282 Canadian Dollar	.0218 Indian Rupee
.3404 Argentina Peso	.5769 New Zealand Dollar
.0906 Mexican Peso	.6491 Australian Dollar
.2509 Polish Zloty	.0085 Japanese Yen
	1.1076 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0906) = 11.0375$. That is 1 US Dollar equals 11.0375 Mexican Pesos.

Source: Wall Street Journal

JULY 2003 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 79.2 million pounds in July, 16.1 percent below July 2002 and 5.5 percent below June 2003. **AMERICAN TYPE CHEESE** production totaled 299.9 million pounds, 1.8 percent below July 2002 and 2.4 percent below June 2003. **TOTAL CHEESE** output (excluding cottage cheese) was 712.2 million pounds, 2.9 percent above July 2002 but 0.3 percent below June 2003. **NONFAT DRY MILK** production, for human food, totaled 119.5 million pounds, 7.4 percent below July 2002 and 8.6 percent below June 2003. **DRY WHEY** production, for human food, was 87.9 million pounds, 1.8 percent above July 2002 but 0.9 percent below June 2003. **ICE CREAM** (hard) production totaled 82.5 million gallons, 0.6 percent below July 2002 and 1.1 percent below June 2003.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JUL 2003	PERCENT CHANGE FROM:			PRODUCT	JUL 2003	PERCENT CHANGE FROM:		
	1,000 LBS.	JUL 2002	JUN 2003	YEAR TO DATE 1/		1,000 LBS.	JUL 2002	JUN 2003	YEAR TO DATE 1/
BUTTER	79,205	-16.1	-5.5	-5.1	SOUR CREAM	73,787	---	-5.0	---
CHEESE					YOGURT (PLAIN AND FLAVORED)	171,286	-8.3	-9.7	---
AMERICAN TYPES 2/	299,877	-1.8	-2.4	-1.9	CONDENSED WHEY, SOLIDS CONTENT 6/				
CHEDDAR	225,153	-3.2	-2.9	-4.3	SWEET-TYPE, HUMAN FOOD	9,659	22.4	8.3	---
SWISS	22,140	5.6	0.4	---	SWEET-TYPE, ANIMAL FEED 7/				---
BRICK & MUENSTER	7,476	-3.1	-0.3	---	DRY WHEY PRODUCTS				
CREAM & NEUFCHATEL	56,668	5.6	5.9	---	DRY WHEY, HUMAN FOOD	87,927	1.8	-0.9	---
HISPANIC	10,707	4.0	9.1	---	DRY WHEY, ANIMAL FEED	7,492	26.0	15.7	---
MOZZARELLA	235,672	6.0	-1.0	1.6	REDUCED LACTOSE AND MINERALS				
OTHER ITALIAN TYPES	56,802	6.7	2.3	2.6	HUMAN FOOD	4,394	-50.3	29.3	---
TOTAL ITALIAN TYPES	292,474	6.2	-0.3	1.8	ANIMAL FEED	3,327	-5.7	2.1	---
ALL OTHER TYPES	22,855	22.5	9.3	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	55,122	19.1	8.8	---
TOTAL	712,197	2.9	-0.3	-0.4	WHEY PROTEIN CONCENTRATE				
COTTAGE CHEESE, CURD 3/	39,090	0.6	9.3	---	HUMAN FOOD	23,789	3.3	2.2	---
COTTAGE CHEESE, CREAM 4/	34,023	4.4	5.0	3.3	ANIMAL FEED	3,203	0.9	6.5	---
COTTAGE CHEESE, LOWFAT 5/	32,850	-3.7	3.4	1.1	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAPORATED & CONDENSED					ICE CREAM (HARD)	82,512	-0.6	-1.1	-0.1
WHOLE MILK	54,000	2.9	-4.7	---	ICE CREAM, LOWFAT (HARD)	9,211	12.6	-3.5	---
DRY WHOLE MILK	3,455	-46.6	5.0	---	ICE CREAM, LOWFAT (SOFT)	32,889	17.3	-0.7	---
NONFAT DRY MILK, HUMAN FOOD	119,518	-7.4	-8.6	-5.3	ICE CREAM, LOWFAT (TOTAL)	42,100	16.3	-1.3	10.6
DRY SKIM MILK, ANIMAL FEED	574	-31.7	22.6	---	SHERBET (HARD)	5,216	-4.8	-10.6	5.6
DRY BUTTERMILK	2,396	-27.3	-16.4	---	YOGURT (TOTAL)	5,845	-13.0	-1.0	-9.0

MANUFACTURERS' STOCKS, END OF MONTH 8/

PRODUCT	JUL 2003	PERCENT OF:		PRODUCT	JUL 2003	PERCENT OF:	
	1,000 LBS.	JUL 2002	JUN 2003		1,000 LBS.	JUL 2002	JUN 2003
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	42,931	41.2	-8.4	HUMAN FOOD	26,148	-12.0	-9.5
DRY WHEY, ANIMAL FEED	3,289	18.1	91.1	ANIMAL FEED	1,470	20.7	-19.6
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 9/	9,991	-15.0	1.3	CANNED EVAPORATED & CONDENSED WHOLE MILK	85,905	7.3	12.9
LACTOSE, HUMAN FOOD & ANIMAL FEED	37,885	-13.2	-14.7	NONFAT DRY MILK FOR HUMAN FOOD	125,771	-17.5	-17.3
DRY BUTTERMILK, TOTAL	5,417	-58.7	-38.3				

1/ 2003 cumulative as percent change of 2002 cumulative. 2/ Whole milk cheese, including Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 7/ Not shown when fewer than three plants reported or individual plant operations could be disclosed. 8/ Stocks held by manufacturers at all points and in transit. 9/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (9-03), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, AUGUST

Component Price Information: Under the Federal milk order pricing system, the butterfat price for August 2003 is \$1.2514 per pound. Thus, the Class II butterfat price is \$1.2584. The protein and other solids prices for August are \$3.1438 and \$0.0026 per pound, respectively. These component prices set the Class III skim milk price at \$9.76 per cwt. The August Class IV skim milk price is \$5.97 which is derived from the nonfat solids price of 0.6638 per pound.

Product Price Averages: The product price averages for August are; butter \$1.1578, nonfat dry milk \$0.8105, cheese \$1.5496, and dry whey \$0.1615.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <u>1/</u> <u>2/</u>						
FEDERAL MILK ORDER MARKETING AREAS <u>3/</u>	ORDER NUMBER	AUGUST 2003				SEPTEMBER 2003
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) <u>4/</u>	001	14.22	10.81	13.80	10.14	16.96
Appalachian (Charlotte) <u>5/</u>	005	14.07	10.81	13.80	10.14	16.81
Southeast (Atlanta) <u>6/</u>	007	14.07	10.81	13.80	10.14	16.81
Florida (Tampa) <u>7/</u>	006	14.97	10.81	13.80	10.14	17.71
Mideast (Cleveland) <u>8/</u>	033	12.97	10.81	13.80	10.14	15.71
Upper Midwest (Chicago) <u>9/</u>	030	12.77	10.81	13.80	10.14	15.51
Central (Kansas City) <u>10/</u>	032	12.97	10.81	13.80	10.14	15.71
Southwest (Dallas) <u>11/</u>	126	13.97	10.81	13.80	10.14	16.71
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	13.32	10.81	13.80	10.14	16.06
Western (Salt Lake City) <u>13/</u>	135	12.87	10.81	13.80	10.14	15.61
Pacific Northwest (Seattle) <u>14/</u>	124	12.87	10.81	13.80	10.14	15.61
All-Market Average	---	13.55	10.81	13.80	10.14	16.29

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are the major city in the principal pricing point of the market.

4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

6/ Class I prices at other cities are: New Orleans, plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

12/ Class I price at Las Vegas is minus \$0.35.

13/ Class I price at Boise is minus \$0.30.

14/ Class I prices at other cities are: Portland, same; and Spokane, same.

JULY FLUID MILK SALES

During July, about 4.4 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.1 percent lower than July 2002. After adjusting for calendar composition, sales in July 2003 were 1.4 percent lower than July 2002. On an individual product basis, after adjusting for calendar composition, sales of flavored fat-reduced milk increased from July 2002, while sales of whole milk, flavored whole milk, reduced fat (2%) milk, low fat (1%) milk, fat-free (skim) milk, and buttermilk decreased from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/dvfmoms/mib/in-areasales.htm>

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,
JULY 2003, WITH COMPARISONS 1/

Product Name	Sales		Change from: <u>2/</u>	
	July	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,524	10,623	-1.6	-0.3
Flavored Whole Milk	84	583	-2.7	-0.5
Reduced Fat Milk (2%)	1,445	10,156	-0.9	0.7
Low Fat Milk (1%)	487	3,641	-3.3	-0.3
Fat-Free Milk (Skim)	633	4,604	-5.6	-2.4
Flavored Fat-Reduced Milk	125	1,779	1.2	6.1
Buttermilk	45	322	-6.8	-5.0
Total Fluid Milk Products <u>3/</u>	4,354	31,779	-2.1	0.1
Total Fluid Milk Products Adjusted <u>3/ 4/</u>	4,343	31,788	-1.4	0.1

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 93 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 7 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 4/ Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/dvfmoms/mib/clndr_comp_rpt.pdf

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, JULY 2003, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: <u>2/</u>	
	July	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	754	5,555	-3.9	-1.1
Appalachian (005)	282	1,981	-1.4	0.1
Southeast (007)	375	2,793	-4.0	-0.4
Florida (006)	227	1,678	-1.3	0.7
Mideast (033)	497	3,660	-2.0	-0.4
Upper Midwest (030)	343	2,516	-0.9	0.0
Central (032)	364	2,677	-2.2	0.8
Southwest (126)	335	2,414	-0.6	0.5
Arizona-Las Vegas (131)	105	753	1.1	2.8
Western (135)	72	508	-0.9	-1.2
Pacific Northwest (124)	173	1,252	-2.0	0.5
California (---)	522	3,767	-1.1	1.2

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 4/ above.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

SEPTEMBER MILK SUPPLY AND DEMAND ESTIMATES*

Dairy production is raised slightly as revisions to June milk production indicate a slightly faster rate of increase in milk yields than assumed last month. Net removals of nonfat dry milk in 2002/03 are adjusted to reflect the expected impacts of the swaps of nonfat dry milk for cheese and pudding. Continued strength in near-term cheese prices has resulted in an increase in the forecast 2002/03 Class III price, but both 2002/03 and 2003/04 Class IV prices are lowered on expectations of more rapidly weakening butter prices. The all milk price forecasts are unchanged from last month.

Item	2001/02 1/	2002/03 Projection 1/		2003/04 Projection 1/	
		August	September	August	September
SUPPLY		BILLION POUNDS			
BEGINNING COMMERCIAL STOCKS 2/	8.8	11.2	11.2	11.6	11.5
PRODUCTION	169.2	170.0	170.1	171.8	172.0
FARM USE	1.2	1.1	1.1	1.0	1.0
MARKETINGS	168.0	168.9	169.0	170.8	171.0
IMPORTS 2/	5.2	5.1	5.1	5.1	5.1
TOTAL COMMERCIAL SUPPLY 2/	182.0	185.2	185.3	187.4	187.5
USE					
COMMERCIAL USE 2/ 3/	170.4	172.5	172.7	177.0	177.1
ENDING COMMERCIAL STOCKS 2/	11.2	11.6	11.5	9.7	9.7
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.3	1.1	1.1	0.7	0.7
SKIM SOLIDS BASIS 4/	9.6	9.0	8.4	5.6	6.4
		DOLLARS PER CWT.			
MILK PRICES 5/					
CLASS III 6/	11.03	10.50-10.60	10.55-10.65	10.25-11.15	10.30-11.10
CLASS IV 6/	11.22	10.00-10.20	9.95-10.15	9.65-10.75	9.60-10.60
ALL MILK 7/	12.74	11.80-11.90	11.80-11.90	11.60-12.50	11.65-12.45
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS 4/					
BUTTER	0	25	25	20	20
CHEESE	9	47	47	15	15
NONFAT DRY MILK	817	730	680	465	535
DRY WHOLE MILK	0	0	0	0	0
	QUARTERLY 8/			ANNUAL 8/	
	2003 III	2003 IV	2004 I	2003	2004
MILK PRODUCTION	41.7	41.8	43.6	170.3	172.3
		DOLLARS PER CWT.			
ALL MILK PRICE 5/ 7/	12.95-13.15	13.20-13.70	11.30-12.10	12.15-12.35	11.40-12.40
CLASS III PRICE 5/ 6/	13.05-13.25	11.40-11.90	9.60-10.50	10.90-11.10	10.15-11.15
CLASS IV PRICE 5/ 6/	9.90-10.20	9.90-10.50	9.65-10.65	9.80-10.10	9.65-10.85

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Federal milk order minimum prices. 7/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 8/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-401, World Agricultural Outlook Board, USDA, September 11, 2003.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, JUNE 2003

In June 2003, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$10.77 per cwt., \$0.06 less than the figure for the previous month. The component tests of producer milk in June 2003 were: butterfat, 3.57%; protein, 2.96%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices decreased in 12 reporting areas and increased in 5 reporting areas, and ranged from \$13.31 in Florida to \$9.52 in New Mexico. In June 2002, the Federal milk order all-area average mailbox price was \$11.33, \$0.56 higher.

Reporting Area	Mailbox Milk Price <u>2/</u>		
	June 2002	May 2003	June 2003
	Dollars per hundredweight		
Northeast Federal Milk Order	11.49	11.10	11.07
Appalachian States <u>3/</u>	12.08	11.32	11.33
Southeast States <u>4/</u>	12.83	11.69	11.86
Southern Missouri <u>5/</u>	11.66	10.71	10.82
Florida	14.68	13.18	13.31
Ohio	11.19	10.84	10.76
Michigan	11.06	10.66	10.54
Wisconsin	11.42	11.04	10.90
Minnesota	11.08	10.95	10.89
Iowa	11.18	10.83	10.66
Illinois	11.31	10.89	10.82
Corn Belt States <u>6/</u>	10.90*	10.66	10.53
Western Texas <u>7/</u>	11.14	10.48	10.45
New Mexico	10.21	9.62	9.52
Idaho	10.30	9.87	9.97
Utah	10.13	9.64	9.55
Northwest States <u>8/</u>	11.12	10.39	10.28
All Federal Order Areas <u>9/</u>	11.33	10.83	10.77
California <u>10/</u>	10.44	10.13	NA

*= Revised.

NA= Not available.

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 6/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 5/. 7/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 8/ Includes Oregon and Washington. 9/ Weighted average of the information for all selected reporting areas in Federal milk orders. 10/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin." The price for April 2003 has been revised from \$10.26 to \$10.14.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF SEPTEMBER 8 - 12, 2003			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 09/05/03	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	10,133,351	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	1,313,280	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	11,446,631	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	3,840,106	2,799,171	-0-	-0-
Barrel	-0-	40,492	-40,492	5,406,631	2,219,117	-0-	-0-
Process	-0-	-0-	-0-	31,838,400	2,296,800	-0-	-0-
TOTAL	-0-	40,492	-40,492	41,085,137	7,315,088	-0-	-0-
NONFAT DRY MILK							
Nonfortified	5,403,008	383,600	5,019,408	609,838,559	646,497,682	1,176,912,000	1,142,702,000
Fortified	-0-	-0-	-0-	596,814	-0-	46,391,000	46,391,000
TOTAL	5,403,008	383,600	5,019,408	610,435,373	646,497,682	1,223,303,000	1,189,093,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF SEPTEMBER 8 - 12, 2003 =	0.7	58.0	COMPARABLE PERIOD IN 2002 =	6.3	99.2
CUMULATIVE SINCE OCTOBER 1, 2002 =	763.0	7,513.6	CUMULATIVE SAME PERIOD LAST YEAR =	209.7	7,597.7
CUMULATIVE JAN. 1 - SEPT. 12, 2003 =	688.9	6,248.0	COMPARABLE CALENDAR YEAR 2002 =	192.8	6,701.8

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF SEPTEMBER 8 - 12, 2003 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-40,492	-0-	5,019,408	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/02 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02
CENTRAL	-0-	-0-	32,049,972	2,296,800	24,411,395	36,379,915	39.5	13.9
WEST	11,446,631	-0-	9,035,165	5,018,288	548,454,182	572,997,576	59.4	82.2
EAST	-0-	-0-	-0-	-0-	37,569,796	37,120,191	1.1	3.9
TOTAL	11,446,631	-0-	41,085,137	7,315,088	610,435,373	646,497,682	100.0	100.0

NDM SALES FOR MANUFACTURE OF CASEIN/CASEINATE	EAST	WEST	TOTAL	PRICE
AWARDED SEPTEMBER 9, 2003	210,209	1,100,128	1,310,337	\$0.22

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 08/23/03 & Comparable Week 2002

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2003-Dairy	0.2	0.7	7.4	4.8	19.4	2.8	0.3	1.0	13.5	2.4	52.5	44.0
2002-Dairy	0.2	0.8	6.6	5.0	18.0	2.5	0.4	0.9	13.3	2.5	50.2	45.4
2003-All cows	0.2	0.9	9.7	14.6	31.2	18.6	18.0	3.0	16.3	6.8	119.3	
2002-All cows	0.2	1.0	8.9	14.2	27.5	15.2	16.1	3.8	16.1	7.7	110.6	

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74

FEDERAL MILK ORDER CLASS PRICES FOR 2003 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	10.56	10.23	9.81	9.64	9.71	9.74	9.77	10.97	13.71			
II	11.29	10.66	10.54	10.44	10.43	10.46	10.63	10.81				
III	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80				
IV	10.07	9.81	9.79	9.73	9.74	9.76	9.95	10.14				

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm